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Opening Statement Congressman Todd R. Platts April 15, 2004

Today as millions of Americans pay their federal taxes, Congress has a responsibility to ensure that those tax dollars are being used in the most efficient and effective manner. Unfortunately, as we will hear today, billions of dollars continue to be lost due to payment errors. While some of these payments are recoverable a majority are wasted and will never be recovered.

The Bush Administration and Congress have made the reduction of improper payments a significant issue. In support of that goal, this subcommittee believes that taxpayers have a fundamental right to know how their tax dollars are being spent. Improper payments by federal agencies are a serious and growing problem, which costs taxpayers billions of dollars each year. The Office of Management and Budget estimates \$35 billion is wasted through improper payments. Some say this number is just the tip of an even bigger iceberg.

An improper payment is any payment that should not have been made. It can be incorrect payment, an over- or under- payment, and can include, among other things, a payment to an ineligible recipient, a payment for an ineligible service, a duplicate payment or a payment for a service not received.

In 2002, my esteemed former colleague, Congressman Steve Horn, who served as Chairman of this Subcommittee, was successful in securing the enactment of the "Improper Payments Information Act of 2002". This law has helped bring to the forefront the need to address this issue more aggressively. All federal agencies will soon be required to make estimates of erroneous payments and, if those estimates are more than \$10 million annually, to develop plans to reduce or eliminate these errors. On May 26, 2003, OMB issued guidance, which established government-wide procedures for dealing with erroneous payments.

While we do not yet have our arms around the total extent of the problem, we are beginning to get a better sense of the total picture. What we do know is that these mistakes, which occur throughout government, are made because agencies do not have adequate internal financial controls and business process systems to protect against these types of errors.

Today, we look forward to exploring the progress of agencies in implementing the Act, review the status of OMB's guidance, and learning from GAO about strategies to identify and reduce improper payments. We're also eager to hear from Citizens Against Government Waste and the National Taxpayers Union who will express their views on this issue and on how to get a better handle on improper payments and reduce government waste.

We will have two panels of witnesses today. Panel one features The Honorable Linda Springer for the White House Office of Management and Budget and McCoy Williams from the U.S. General Accounting Office. On panel two we have Charlie Gerow from Citizens Against Government Waste and Paul Gessing from the National Taxpayers Union. I would like to offer a special thanks to each of our witnesses today for traveling to my hometown of York, Pennsylvania for this hearing.